

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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Date: February 1, 2011

LEGEND

Partnership =

State =

Individual =

a =

b =

Year =

Dear :

We received a letter dated September 21, 2010, and subsequent correspondence, submitted on behalf of Partnership requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations for Partnership to file an election under § 754 of the Internal Revenue Code (Code). This letter responds to that request.

FACTS

According to the information submitted, Partnership was formed in a as a limited partnership under the laws of State. Individual, a partner in Partnership, died on b of Year. Partnership's Year tax return was filed without a § 754 election.

### LAW AND ANALYSIS

Section 754 provides that if a partnership files an election, in accordance with regulations prescribed by the Secretary, the basis of partnership property shall be adjusted, in the case of a distribution of property, in the manner provided in § 734, and, in the case of a transfer of a partnership interest, in the manner provided in § 743. Such an election shall apply with respect to all distributions of property by the partnership and to all transfers of interests in the partnership during the taxable year with respect to which such election was filed and all subsequent taxable years.

Section 1.754-1(b) of the Income Tax Regulations provides that an election under § 754 and § 1.754-1 to adjust the basis of partnership property under §§ 734(b) and 743(b), with respect to a distribution of property to a partner or a transfer of an interest in a partnership, shall be made in a written statement filed with the partnership return for the taxable year during which the distribution or transfer occurs. For the election to be valid, the return must be filed not later than the time prescribed by § 1.6031-1(e) (including extensions thereof) for filing the return for such taxable year.

Under § 301.9100-1(c), the Commissioner may grant a reasonable extension of time to make a regulatory election, or a statutory election (but no more than six months except in the case of a taxpayer who is abroad), under all subtitles of the Internal Revenue Code except subtitles E, G, H, and I. Section 301.9100-1(b) provides that the term “regulatory election” includes an election whose due date is prescribed by a regulation published in the Federal Register.

Sections 301.9100-1 through 301.9100-3 provide the standards the Commissioner will use to determine whether to grant an extension of time to make an election. Section 301.9100-2 provides automatic extensions of time for making certain elections. Section 301.9100-3 provides extensions of time for regulatory elections that do not meet the requirements of § 301.9100-2.

Section 301.9100-3(a) provides that requests for relief under § 301.9100-3 will be granted when the taxpayer provides the evidence (including affidavits described in § 301.9100-3(e)) to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and the grant of relief will not prejudice the interests of the Government.

### CONCLUSION

Based on the facts and representations submitted, Partnership has established that the requirements of §§ 301.9100-1 and 301.9100-3 are satisfied. Consequently, Partnership is granted an extension of time of one hundred twenty (120) days from the date of this letter to make an election under § 754, effective for its Year taxable year

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and thereafter. The election should be made in a written statement filed with the applicable service center for association with Partnership's Year tax return. A copy of this letter should be attached to the § 754 election.

Except for the specific ruling above, we express or imply no opinion concerning the federal tax consequences of the facts of this case under any other provision of the Code. Specifically, we express or imply no opinion as to whether Partnership is a partnership for federal tax purposes.

This ruling is directed only to the taxpayer requesting it. According to § 6110(k)(3) of the Code, this ruling may not be used or cited as precedent.

Under a power of attorney on file with this office, we are sending a copy of this letter to Partnership's authorized representatives.

Sincerely,

Associate Chief Counsel  
(Passthroughs & Special Industries)

By: /s/  
Mary Beth Carchia, Senior Technician  
Reviewer, Branch 3  
Office of Associate Chief Counsel  
(Passthroughs & Special Industries)

Enclosures (2): Copy of this letter  
Copy for § 6110 purposes